



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

THE INCREASE OF WEALTH.

WHEN some future historian describes the progress of the nineteenth century, he will doubtless be struck by the enormous increase of wealth, especially in the interval between 1850 and the present date. In a single generation the countries of Europe have doubled their capital, while the increase of population has hardly exceeded thirty per cent. In other words, wealth has grown three times faster than population. It was laid down by McCulloch, in 1825, that nations required sixty years to double their capital, except the United States, which doubled in twenty-five years. Probably if society had remained in the condition that it was in when McCulloch wrote, the increase would not have passed his estimates; but the introduction of railways, steamers, telegraphs, etc., has given such facilities for rapid accumulation, that the United Kingdom has doubled since 1845, France since 1856, and the United States since 1864. To observe the increase more closely, let us take the wealth and population of the three countries at various epochs:

<i>Date.</i>	<i>Wealth in Millions of Dollars.</i>			<i>Population.</i>		
	<i>Great Britain.</i>	<i>France.</i>	<i>United States.</i>	<i>Great Britain.</i>	<i>France.</i>	<i>United States.</i>
1830.....	16,890	10,650	24,030,000	32,100,000	12,900,000
1850.....	25,800	15,850	8,430	27,200,000	35,700,000	23,200,000
1870.....	34,400	26,200	35,370	31,300,000	37,300,000	38,600,000
1884.....	45,300	41,700	51,670	36,200,000	38,200,000	55,500,000

In fifty-four years Great Britain has almost trebled her wealth; while France has very nearly quadrupled hers; and in thirty-four years the United States have seen their capital multiply sixfold. As these three countries have been the greatest accumulators in recent years, it is worth while to study their simultaneous growth in wealth under very opposite cir-

cumstances. The average wealth per inhabitant has been as follows :

<i>Year.</i>	<i>Great Britain.</i>	<i>France.</i>	<i>United States.</i>
1830.....	\$704	\$333
1850.....	948	443	\$363
1870.....	1,103	703	916
1884.....	1,249	1,092	931

Notwithstanding the calamities of war and phylloxera, France has accumulated more rapidly than Great Britain; but since 1850 the population of the United Kingdom has risen thirty-three per cent., against seven per cent. in France. Moreover, Great Britain has sent out just 6,000,000 emigrants in that interval, of whom 2,100,000 have gone to British colonies, to create new centers of wealth, industry, and commerce, in close connection with the mother country. When these considerations are taken into account, it will be found that the accumulations of the British people have been equal to those of the French. It is manifest that when population increases rapidly, as in Great Britain and the United States, however prodigious the increase of wealth, there may be only a trifling rise in the ratio per inhabitant. Thus we see that the United States have been doubling capital in twenty years; yet the average per inhabitant is only fifteen dollars higher than in 1870, while the rise in France has been almost four hundred dollars a head. It would be easy to prove, nevertheless, that the advance in the United States has been healthier—a fact that few Frenchmen will deny. A country progressing at once in wealth and population must be prosperous, whereas one increasing only in either must be the reverse. In France, wealth accumulates; in Russia, population. If France grew men faster and wealth more slowly, and Russia the reverse, it would be better for both. The annual accumulations since 1830 show as follows :

<i>Period.</i>	<i>Millions of Dollars.</i>			<i>Dollars per Inhabitant.</i>		
	<i>Great Britain.</i>	<i>France.</i>	<i>United States.</i>	<i>Great Britain.</i>	<i>France.</i>	<i>United States.</i>
1830-50	446	260	17	8	..
1850-70	430	520	1,350	15	14	44
1870-84	780	1,107	1,164	23	29	25

In forty years, ending with 1870, the average accumulations in the United Kingdom showed little change, unless indeed a

slight decline after the adoption of free trade and more general use of steam locomotion. We must, however, make allowance for the Crimean war, which cost England \$350,000,000, and the effects of the cotton famine, which were far more injurious. But how are we to explain an average increment of twenty-three dollars a head in the fourteen years ending with 1884, the period in which we have heard so much of trade depression, falling prices, and commercial loss? Have these complaints been imaginary, or is the increase of wealth fictitious? On this point there is no room for doubt, seeing that the income-tax returns have risen since 1870 from £445,000,000 to £585,000,000, an increase of thirty-two per cent. We are still as far as ever from explaining the causes of such unexampled prosperity. Some may ascribe it to the Franco-German war, or the Suez canal; others to the board schools, or the increased production of coal; others to the greater industry or thrift of the people. But I am inclined to think it is due to the increase of British shipping, British banking, and British colonial industries. The shipping of the United Kingdom (without the colonial) has risen in late years as follows:

<i>Year.</i>	<i>Vessels.</i>	<i>Tons, nominal.</i>	<i>Tons, carrying-power.</i>
1850.....	25,984	3,565,000	3,950,000
1870.....	22,180	5,691,000	9,720,000
1881.....	19,311	6,490,000	18,110,000

The carrying-power* almost doubled between 1870 and 1881, although the nominal tonnage had risen but slightly. Hence we find that in 1881 the British flag carried 63,000,000 tons, out of 129,000,000 tons of sea-borne merchandise. In fact, the carrying-trade of the world is passing into British hands. Great Britain's banking has grown as fast as her shipping. In 1850 she had £260,000,000 of bank capital and deposits, which rose to £840,000,000 in 1882, the average for the latter year being £23 per inhabitant, against £10 in 1850.

The British colonies have powerfully helped to enrich the mother country. Their commerce (without counting India), which was £153,000,000 in 1870, at present reaches £270,000,000, and the amount of British capital profitably invested in Aus-

* Carrying-power allows steamers to count five for one, as it is found they can make three long or eight short passages for one of a sailing-vessel.

tralia and Canada is known to exceed £400,000,000 sterling. The subjoined table shows the amount of British wealth under the principal items:

	<i>Millions of Dollars.</i>			<i>Dollars per Inhabitant.</i>		
	1840.	1870.	1882.	1840.	1870.	1882.
Land.....	8,400	9,400	9,400	323	301	263
Cattle, etc.....	1,900	2,400	2,070	73	77	58
Houses.....	3,850	8,100	11,400	148	258	320
Railways.....	165	2,650	3,850	6	85	108
Shipping.....	115	330	600	4	11	17
Bullion.....	305	590	715	11	18	20
Merchandise ..	350	1,300	1,750	13	43	49
Furniture	1,950	4,100	5,700	75	133	160
Loans.....	1,150	3,000	5,300	44	97	149
Sundries.....	1,965	2,530	2,815	76	80	79
Total.....	20,150	34,400	43,600	773	1,103	1,223

France is equally remarkable for the industry of her population and their extreme thrift. The yearly accumulations averaged \$8 a head before the Second Empire, \$14 during the reign of Napoleon III., and \$29 since the disaster of Sedan. The capital wealth of France is much less than that of either Great Britain or the United States, and it would be easy to show that the annual earnings of the people are in like manner less; yet, during the past fourteen years, Frenchmen have saved, per head, more than Englishmen or Americans. This is a phenomenon deserving the study of economists both in Europe and America. Without pretending to explain it, I may call attention to some facts. The ascertained wealth of France is arrived at by comparing the death-rate with the amount of assets proved in the Legacy Court. If, by any chance, the rich people have died faster than usual, and the poor less rapidly than usual, since 1870, we should be overestimating the national wealth. But there is no ground for such a supposition. If the government valuation of landed property be excessive, it would likewise disturb our calculations. There is, however, little room to suppose that the whole nation would tamely submit to pay duties on an exorbitant valuation. But while we admit that the official value is correct, we discover an increase of \$5,000,000,000 in the value of land since 1852, which accounts for one-fifth of the total accumulations

since 1850. This is not an imaginary increase of wealth, for the market value of the land has risen in the interval as follows :

	<i>Value in dollars per acre.</i>	
	1852.	1881.
Vineyards.....	120 to 196	180 to 280
Meadow.....	180 to 260	240 to 330
Tillage.....	100 to 180	140 to 240

Another item of increase is railways, which in 1860 represented a value of \$850,000,000, and in 1883 exceeded \$2,550,000,000. This accounts for \$80,000,000 a year. Houses form another valuable branch of savings. Paris, for example, has built \$530,000,000 worth of new houses since 1860, and the average increase of house-property in France is officially estimated at \$160,000,000 per annum. If we compare the wealth of France and that of the United Kingdom in 1882, we find them as follows :

	<i>Millions of Dollars.</i>		<i>Dollars per Inhabitant.</i>	
	<i>France.</i>	<i>United Kingdom.</i>	<i>France.</i>	<i>United Kingdom.</i>
Land.....	14,930	9,400	393	263
Cattle, etc.....	1,960	2,070	50	58
Houses.....	9,500	11,400	250	320
Railways.....	2,550	3,850	66	108
Bullion.....	1,520	715	40	20
Movables.....	5,600	7,450	147	209
Sundries.....	3,640	8,715	96	245
	<u>39,700</u>	<u>43,600</u>	<u>1,042</u>	<u>1,223</u>

None of these valuations include mines, because the mineral is of little value until it is placed above ground. It has been estimated that the peat of Irish bogs, at ten cents a ton, would pay off the national debt of Great Britain. The salt contained in the English Channel is of still greater value, but can hardly be counted as an item of national wealth, although England derives some income from this source.

When we turn to the United States, we find a country of unlimited resources and great industry, yet the annual accumulation is not much more than in the United Kingdom. In fact, if Ireland were excluded, the savings of the British people would reach £5 per head, precisely the same as in the United States.

This is at first disappointing, for we are naturally predisposed to imagine that there is in the United States more affluence, a greater margin over cost of living, than in the crowded island of Great Britain. It is true that from 1850 to 1870 the yearly accumulation averaged \$44 a head, notwithstanding the terrible devastation caused by the war. But in future we cannot expect to see savings exceed \$25, for the Americans seem less disposed to accumulate than to enjoy wealth. If we consider the Union under four great divisions, we find the progress of wealth as follows:

	<i>Millions of Dollars.</i>			<i>Dollars per Inhabitant.</i>		
	1860.	1870.	1880.	1860.	1870.	1880.
New England.....	1,925	4,200	4,935	610	1,202	1,235
Middle States.....	4,320	12,570	16,420	525	1,290	1,430
South (13)	6,110	3,680	4,415	595	325	290
West (14)	6,975	14,920	21,710	730	1,060	1,140
Total.....	19,330	35,370	47,480	615	905	940

In 1860 the New England and Middle States had thirty-two per cent. of the capital of the Union, whereas they now have forty-five per cent. In the same interval the West has risen from thirty-six to forty-six per cent. If we examine the accumulations of the past thirty years, we find as follows:

<i>States.</i>	<i>Millions of Dollars per annum.</i>			
	1850-60.	1860-70.	1870-80.	<i>Thirty years.</i>
New England	75	227	74	125
Middle.....	199	825	385	470
South.....	341	*	74	57
West	478	795	679	650
The Union.....	1,093		1,212	1,302

The decade ending with 1880 saw the accumulations of the New England and Middle States decline more than half, while those of the Western States kept almost uniform. In the whole term of thirty years, the Union has averaged a little over \$1,300,000,000 yearly, of which exactly half corresponds to the Western States. Comparing the annual accumulation with population, we find the average per head as follows:

* The Southern States lost \$2,430,000,000 in this decade.

<i>States.</i>	<i>Dollars yearly per Inhabitant.</i>			
	1850-60.	1860-70.	1870-80.	<i>Thirty years.</i>
New England	26	68	19	38
Middle	27	92	35	51
South	37		6	5
West	62	66	41	56
The Union	41	46	27	35

Here we see the reverse of what is taking place in England; the wealth of the country, or at least the power of accumulation, is tending westward, to the prairies, whereas in England the agricultural capital and farming interests are every year diminishing. Poetic writers are in the habit of telling us that agriculture is the basis of all wealth, that the plow is the emblem of prosperity; but these sentiments must be received cautiously. It would seem to be in the interest of every nation, and of mankind, that the agricultural or pastoral element should not predominate, but rather the commercial. Merchants are the best statesmen, and mercantile communities the most prosperous and enlightened.

In the meantime the accumulation of wealth goes on from day to day. The American adds seven cents daily to the public fortune, which means that the United States are nearly \$4,000,000 richer at sunset than they were at sunrise. The accumulations of Europe and the United States make up \$11,000,000 daily, and the increase of population, that is, the excess of births over deaths, is 11,000; so that for every new-comer into the world there is an addition of \$1,000, to provide for his necessities.

As a natural result of the increase of wealth, the material condition of nations is improving; not only is the average consumption of meat, coffee, sugar, etc., rising all over Europe; not only are gas and water supply extended to minor towns and villages; not only do the savings-banks of Europe show a steady increase of deposits amounting to \$110,000,000 yearly; but all the appliances of civilization are multiplied; new harbors and light-houses are constructed for the common benefit of mankind; as if nations in becoming richer also became more generous, more mindful of the golden precept, "Let no man live for himself."

MICHAEL G. MULHALL.